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Media release

Clive Palmer's new QLD mine to hit Victorian and South Australian manufacturing

The China First mine proposed for Queensland is so large that even the economic impact statement prepared by the mine's proponents finds that it will drive more than $1.2 billion worth of manufacturing offshore, cause 3,000 job losses and result in higher housing costs and a less equal distribution of income.

Dr Richard Denniss, Executive Director of The Australia Institute, a Canberra-based public policy think tank, will today make a comprehensive submission to the QLD Department of Employment, Economic Development and Innovation (DEEDI), who will determine the viability of the project.

"It's common to hear opponents of new coal mines making such predictions but the proposed China First coal mine is so big that even the proponents of the mine are admitting that the consequences for other parts of the economy will be devastating," said Dr Denniss.

The economic impact statement prepared by the mine's developers found that:

- 3,000 jobs will be lost across Queensland and Australia, particularly in manufacturing, agriculture and tourism
- $1.2 billion of manufacturing activity will be lost
- Inflation will rise
- Small and medium sized businesses will be hit with higher bills for payroll and rent. This will result in some of them shutting down.
- Housing affordability will decline for those who are not employed in the new mine
- Wealth will become less evenly distributed, with most of the benefits accruing to those employed in the China First mine.

"The Australian car industry, the Australian steel industry and those responsible for processing Australian food have all made it clear that the high exchange rate is putting pressure on them to move offshore. The proponents of this mine have made clear that the mine will push the exchange rate higher," said Dr Denniss.

"Far from being a 'shot in the arm' for Queensland as the Premier described it when the deal was announced, this mine has the potential to harm other parts of the State," said Dr Denniss.

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"The mining industry spends a lot of money suggesting that what is good for them is good for everybody, but this is simply not the case. The China First mine is a perfect example of how the expansion of the mining industry means the contraction of the agriculture industry, the contraction of the tourism industry and the contraction of the manufacturing industry.

"This mine can only proceed if the courts and the State government think it's in Queensland's best interests. Given that the mine's proponents own economic impact statement shows that what's good for mining is bad for the rest of the Queensland economy, it's hard to see how it could possibly be approved," concluded Dr Denniss.

All submissions to DEEDI must be received by December 19.

Dr Richard Denniss was the co- author of a major report on the Australian mining industry, titled *Mining the truth: The rhetoric and reality of the commodities boom*, available at www.tai.org.au

A copy of The Australia Institute's submission can be downloaded from www.tai.org.au under 'Publications'.

Notes for editors

Direct quotes from the economic impact statement prepared for Waratah Coal include:

- 'it is anticipated the manufacturing sector will be one of the hardest hit sectors in terms of the reallocation and draw of labour to the China First Project given the relatively similar skills sets employed...further, the export of $4.6 billion of coal will likely place some upward pressure on Australia's exchange rate, which may impact on the global competitiveness of manufacturing goods produced in Australia.' (p.24)
- 'the increase in Australia's (coal) exports will assist in maintaining the value of the Australian dollar, which may have some negative ramifications for the 'trade exposed' industries that operate on relatively tight margins and compete in a global market against low cost overseas producers (e.g. Manufacturing and agriculture) potentially leading to industry rationalisation' (p.52)
- The increase in labour costs will eat into business profitability, and will likely require businesses to either increase the price of their goods and services or cut back on their expenses in order to recover costs. This may make some businesses operating on or near the margin unviable in the medium to long term...' (p.31)
- 'Agriculture is estimated to record a decline in employment compared to the baseline scenario'. (p.36)
- 'the disparity in wealth distribution may contribute negative implications for households that are in the lower income thresholds'(p.51)
- 'the higher salaries paid to mining employees enables them to afford the rapidly rising prices of properties' (p. 51)

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